



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
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James W. Carter
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September 6, 1996

CERTIFIED RETURN RECEIPT
P 074 976 525

Russell C. Feller
Feller Stone, Incorporated
1203 West Sunset Boulevard
St. George, Utah 84770

Re: Status of Mining Operation, Navajo Sandstone, S/053/024 (ML-45496), Washington County, Utah

Dear Mr. Feller:

We have been informed by the School and Institutional Trust Lands Administration (SITLA) that your state lease #ML-45496, for the Navajo Sandstone project located in the SW/4 of the SE/4 of Section 16, T41S, R13W, Washington County, was canceled on February 12, 1996. Because you have lost your mineral lease, you no longer have a legal right-of-entry to extract minerals from this property. You have a Small Mining Operations permit with this office which remains in effect. However, our permit does not authorize you to continue mining operations at this site without first obtaining the legal right to extract the minerals off from the state leased land.

Loss of a state mineral lease does not relieve you from any reclamation obligations that may be associated with the project. If you do not intend to seek reinstatement of the mineral lease for this project, then you must reclaim all surface disturbances related to your mining activities in a timely manner. Once we have confirmed that the reclamation work meets the performance standards, we can release you from continued reclamation liability and close out your project file. If you are planning to reapply for your state mineral lease, we must receive verification of lease reassignment before you recommence mining activities at this site.

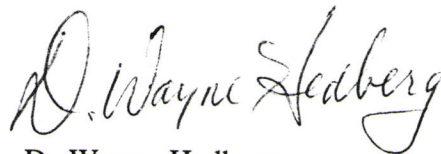
Please notify us before you begin reclamation of this site so we can schedule an inspection. Upon written request, we can provide you with an appropriate seed mix for the



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area. Late October or early November is the preferred time for reseeding the reclaimed site. Please provide written notification in response to this letter by September 30, 1996, stating your intentions. Thank you for your cooperation and immediate attention to this matter.

Sincerely,

A handwritten signature in cursive script, reading "D. Wayne Hedberg". The signature is written in dark ink and is positioned above the printed name and title.

D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

jb
cc: John Blake, SITLA (ML-45496)
Mary Ann Wright, Associate Director
S053024.ltr